

SIXTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FIRST REGULAR SESSION, 2008

H. B. NO. 16-52

A BILL FOR AN ACT

TO PERMIT A BORROWER OF CDA TO ASSIGN LAND COMPENSATION DUE FROM THE COMMONWEALTH GOVERNMENT TO PAY FOR BALANCE ON CDA LOAN.

**BE IT ENACTED BY THE SIXTEENTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Purpose.** The purpose of this Act is to ensure a borrower with the
2 Commonwealth Development Authority is treated fairly in a situation where the borrower
3 is owed money for a land compensation or taking claim. This act is intended to restrict
4 CDA from imposing onerous conditions on borrowers for the assignment of the
5 borrower's land compensation to pay a CDA loan, particularly a condition requiring the
6 borrower to consent to a judgment and foreclosure if the assigned sum is not paid by the
7 government to the borrower within a time certain. Moreover, this Act is intended to
8 encourage, whenever possible, CDA to work with a borrower willing to assign
9 compensation payments toward the loan amount due on a fair and equitable basis without
10 relinquishing legal rights or defenses available to the borrower while at the same time
11 maintaining CDA's ability to enforce an assignment agreement through specific
12 performance or injunctive relief.

13 **Section 2. Amendment.** 4 CMC § 10402 of the Commonwealth Development
14 Authority Act of 1984, as amended, is hereby amended by adding a new subsection (p) to
15 read as follows:

16 “(p) The authority may enter into an agreement, whether by modification
17 of an existing loan with a borrower to assign land compensation due to the
18 borrower, from the Commonwealth Government, to pay the balance, whether in
19 full or partial payment, on the CDA loan. Provided that, as a condition precedent,
20 the borrower and the Commonwealth Government shall have entered into an

1 agreement setting forth the amount of compensation and other terms.
2 "Agreement" in this section is defined to mean an accepted offer of
3 compensation; a settlement agreement; or a court judgment. In agreeing to an
4 assignment of compensation funds from the borrower, CDA may set forth
5 reasonable terms in the assignment agreement with the borrower, except that in no
6 agreement shall CDA require the borrower to agree to a stipulated foreclosure or
7 consent judgment in the event the land compensation is not paid by the
8 government. However, CDA may include terms, in any loan or revision
9 agreement, that it may bring an action for specific performance or for injunctive
10 relief relating to the assignment of compensation to compel the borrower to remit
11 the assigned compensation funds to CDA, or to prevent the borrower from
12 receiving those compensation funds, in the event the borrower receives the
13 compensation funds and fails or refuses to pay CDA as agreed."

14 **Section 3. Severability.** If any provision of this Act or the application of any
15 such provision to any person or circumstance should be held invalid by a court of
16 competent jurisdiction, the remainder of this Act or the application of its provisions to
17 persons or circumstances other than those to which it is held invalid shall not be affected
18 thereby.

19 **Section 4. Savings Clause.** This Act and any repealer contained herein shall not
20 be construed as affecting any existing right acquired under contract or acquired under
21 statutes repealed or under any rule, regulation, or order adopted under the statutes.
22 Repealers contained in this Act shall not affect any proceeding instituted under or
23 pursuant to prior law. The enactment of the Act shall not have the effect of terminating,
24 or in any way modifying, any liability, civil or criminal, which shall already be in
25 existence on the date this Act becomes effective.

26 **Section 5. Effective Date.** This Act shall take effect upon its approval by the
27 Governor or becoming law without such approval.

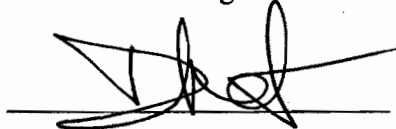
HOUSE BILL NO. 16-52

Prefiled: _____

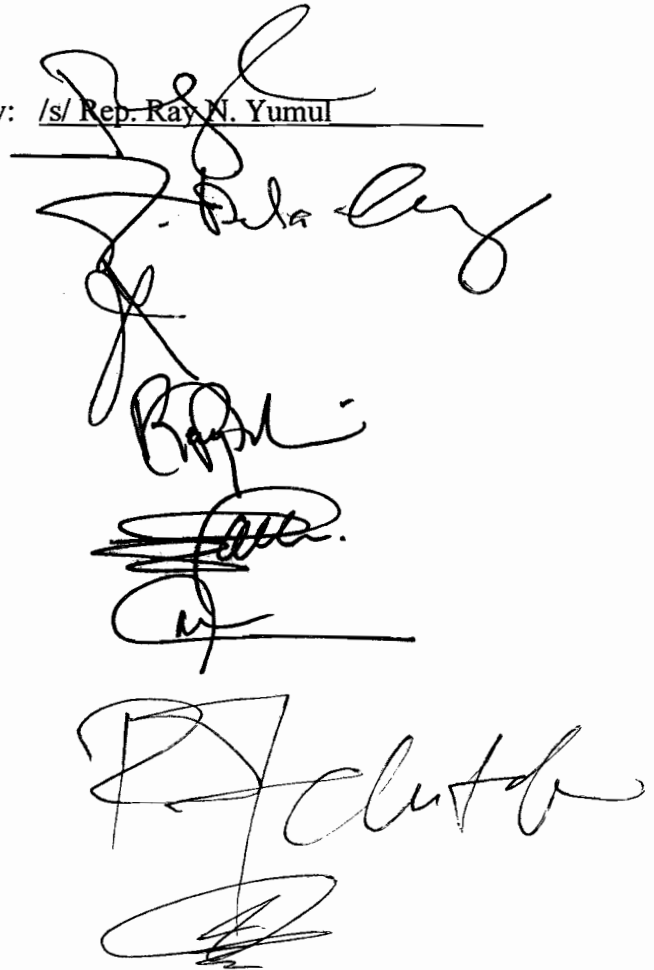
Date: 2/29/08

Introduced By: /s/ Rep. Ray N. Yumul

Reviewed for Legal Sufficiency by:



House Legal Counsel



A vertical stack of seven handwritten signatures. The first signature is the most legible, appearing to read "Rep. Ray N. Yumul". The subsequent signatures are increasingly stylized and difficult to decipher, but they appear to be official endorsements or approvals.